



FY 2013 State Gaming Revenues

State gaming revenues include state wagering taxes as well as various license and regulatory fees that are remitted to the state. The revenues remitted to the state and included in this report, do not include wagering taxes that are paid directly to cities and counties.

Revenue collections from Iowa's 18 gaming establishments totaled \$317.8 million for FY 2013. This is approximately \$600,000 (0.2%) more than the amount collected during FY 2012. The wagering taxes experienced a decrease of \$4.2 million (1.4%) in FY 2013 compared to the previous year. Other receipts associated with nonwagering activities; such as licensing fees and reimbursements to the state for enforcement and regulatory costs, increased \$4.8 million (21.1%).

The decrease in wagering tax receipts corresponds with an overall decrease in admissions of 975,000 (4.3%) recorded in FY 2013 as well as a 1.5% (\$21.8 million) decline in total adjusted gross revenues. Offsetting the decline in wagering tax revenue was an increase in other receipts. In April 2013, the Racing and Gaming Commission approved a new license for a land-based casino to replace the riverboat casino currently based in Sioux City. Iowa statute requires a newly licensed operator to pay a one-time license fee paid in installments over a five-year period. The license granted to Sioux City Entertainment, Inc. will generate a \$20.0 million fee over the next five years. The first installment of \$4.0 million was received in May of this year. The new casino is expected to be operational in July 2014.

Also contributing to the increase in other receipts were fees charged to casinos for state enforcement and regulatory costs. These fees increased \$875,000 (5.2%) in FY 2013 compared to FY 2012.

State Gaming Revenue				
(Dollars in Millions)				
	FY 2012	FY 2013	Dollar Change	Percent Change
Wagering Taxes	\$ 294.7	\$ 290.5	\$ -4.2	-1.4%
Other Receipts				
Enforcement and Regulatory Fees	17.2	18.1	0.9	5.2%
New Facility License Fees	1.0	5.0	4.0	400.0%
Parimutuel Receipts	3.8	3.8	0.0	0.0%
Other	0.5	0.4	-0.1	-20.0%
Total Other Receipts	22.5	27.3	4.8	21.3%
Total	\$ 317.2	\$ 317.8	\$ 0.6	0.2%

More Information

Iowa General Assembly: <http://www.legis.iowa.gov/index.aspx>

Iowa Racing and Gaming Commission: <http://www.state.ia.us/irgc/>

LSA Staff Contact: Dave Reynolds (515-281-6934) dave.reynolds@legis.iowa.gov

FY 2013 State Gaming Revenues

A sizable portion of the gaming revenues collected by the state are distributed to individual funds in accordance with Iowa Code section [8.57\(5\)](#), and in a specified order. These revenues include the wagering taxes collected on gambling games and horse and dog racing, as well as certain license fees. Of the total \$317.8 million of revenue collected in FY 2013, \$285.6 million was allocated according to Iowa Code section 8.57(5). The General Assembly and Governor periodically alter this distribution of gaming revenue based on spending priorities as part of the annual budget process. The following table shows the order that the revenues are distributed to the various funds for FY 2012 and FY 2013.

The remaining \$32.2 million collected in FY 2013 includes fees for enforcement and regulatory costs, the County Endowment Fund, and a tax for funding cultural grants, tourism, and the Endow Iowa tax Credit. An explanation of the individual funds and accounts is provided below.

Distribution of State Gaming Revenue			
(Dollars in Millions)			
	FY 2012	FY 2013	Change
<u>Distribution of Revenue in accordance with 8.57(5)</u>			
Revenue Bonds Debt Service Fund	\$ 55.0	\$ 55.0	\$ 0.0
Federal Subsidy Holdback Fund	3.8	3.8	0.0
General Fund	1.3	1.3	0.0
Vision Iowa Fund	15.0	15.0	0.0
School Infrastructure Fund	5.0	5.0	0.0
General Fund	64.7	38.7	-26.0
Technology Reinvestment Fund (FY 2013 only)	0.0	20.0	20.0
Rebuild Iowa Infrastructure Fund	140.9	146.8	5.9
Subtotal	<u>285.7</u>	<u>285.6</u>	<u>-0.1</u>
<u>Other Revenues</u>			
Gaming Enforcement Revolving Fund	11.4	12.0	0.6
Gaming Regulatory Revolving Fund	5.8	6.1	0.3
County Endowment Fund	11.2	11.1	-0.1
Cultural Grants, Tourism, Tax Credits	2.8	2.8	0.0
General Fund - Other Fees	0.3	0.2	-0.1
Subtotal	<u>31.5</u>	<u>32.2</u>	<u>0.7</u>
Total	<u><u>\$ 317.2</u></u>	<u><u>\$ 317.8</u></u>	<u><u>\$ 0.6</u></u>

Iowa Code Section 8.57(5) – Distribution of Revenue

- **Revenue Bonds Debt Service Fund:** \$55.0 million is allocated to pay the debt service on bonds that were issued in July 2009 to fund a variety of infrastructure and environmental projects as well as the I-JOBS Programs.
- **Federal Subsidy Holdback Fund:** \$3.8 million is allocated to a new Revenue Bonds Federal Subsidy Holdback Fund to ensure the debt service is covered in the event the federal subsidy for the Build America Bonds (part of the 2009 revenue bond issuance) is not received. Once the Treasurer of State receives the federal subsidy, the \$3.8 million is transferred to the Rebuild Iowa Infrastructure Fund (RIIF).
- **Vision Iowa Fund:** \$15.0 million is allocated to pay the debt service on bonds issued for the Vision Iowa Program. The Program is used to assist communities in the development of major tourism facilities by providing grants, loans, forgivable loans, pledges, and guarantees.
- **School Infrastructure Fund:** \$5.0 million is allocated to pay the debt service on bonds issued for the School Infrastructure Program. This Program provided financial assistance to school districts for infrastructure projects.
- **General Fund:** The Iowa Code directs a total of \$66.0 million to be allocated to the General Fund in two separate installments; \$1.3 million after the Revenue Bonds Debt Service Fund and Federal Subsidy Holdback Fund receive the first \$58.8 million, and another \$64.7 million after the Vision Iowa Fund and School Infrastructure Fund receive allocations totaling \$20.0 million. For FY 2013, the General Assembly directed \$20.0 million of the General Fund allocation to the Technology Reinvestment Fund and \$6.0 million to the RIIF, leaving the remaining \$40.0 million in the General Fund.

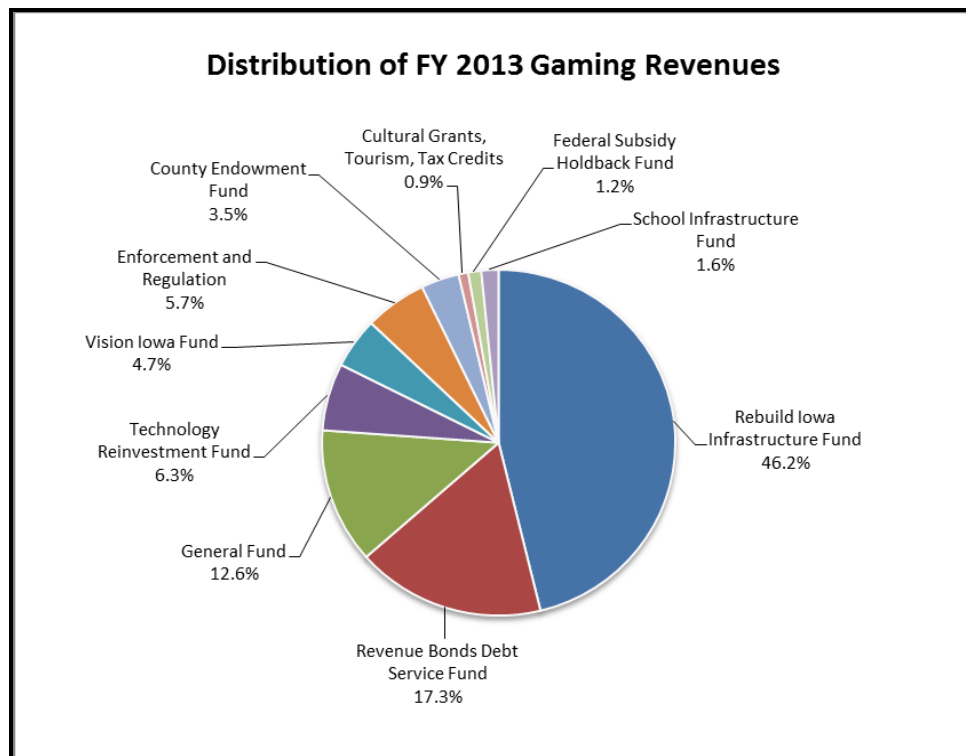
FY 2013 State Gaming Revenues

- **Technology Reinvestment Fund:** This Fund is used for costs associated with the acquisition of computer hardware and software, software development, telecommunications equipment, and maintenance and lease agreements associated with technology components. The General Assembly annually appropriates \$17.5 million from the General Fund for the Technology Reinvestment Fund, although multiple sources have been used over the past several years in lieu of the General Fund appropriation. For FY 2013, the General Assembly provided a one-time allocation of \$20.0 million to this Fund from the state wagering tax and reduced the allocation to the General Fund by a like amount.
- **Rebuild Iowa Infrastructure Fund (RIIF):** The RIIF receives the revenue remaining after the above allocations have been made. The RIIF is used for funding a variety of vertical infrastructure and environment programs and projects.

Other Revenue

- **County Endowment Fund:** An amount equal to 0.8% of the adjusted gross revenues is allocated to this Fund. The funds are transferred equally to counties that do not have a licensed casino for funding charitable organizations.
- **Cultural Grants, Tourism, and Tax Credits:** An amount equal to 0.2% of the adjusted gross revenues is allocated to the Department of Cultural Affairs for cultural grants and operations, and to the Department of Economic Development for tourism marketing. A portion of this allocation is also directed to the General Fund to be used to fund the Endow Iowa Tax Credits.
- **Gaming Regulatory Revolving Fund:** The fees that are assessed to the casinos for the state's cost of regulation are deposited in this Fund. Regulation of the gaming industry is provided by the State Racing and Gaming Commission.
- **Gaming Enforcement Revolving Fund:** The fees that are assessed to the casinos for enforcement purposes are deposited in this Fund. Enforcement of the state's gaming laws is provided by the Department of Public Safety, Division of Criminal Investigation.
- **General Fund – Other Fees:** Includes annual license fees charged to manufacturers and distributors of gambling games and devices and the annual license fees for casinos to operate gambling games.

The following chart provides a summary of the distribution of state gaming revenues in FY 2013.



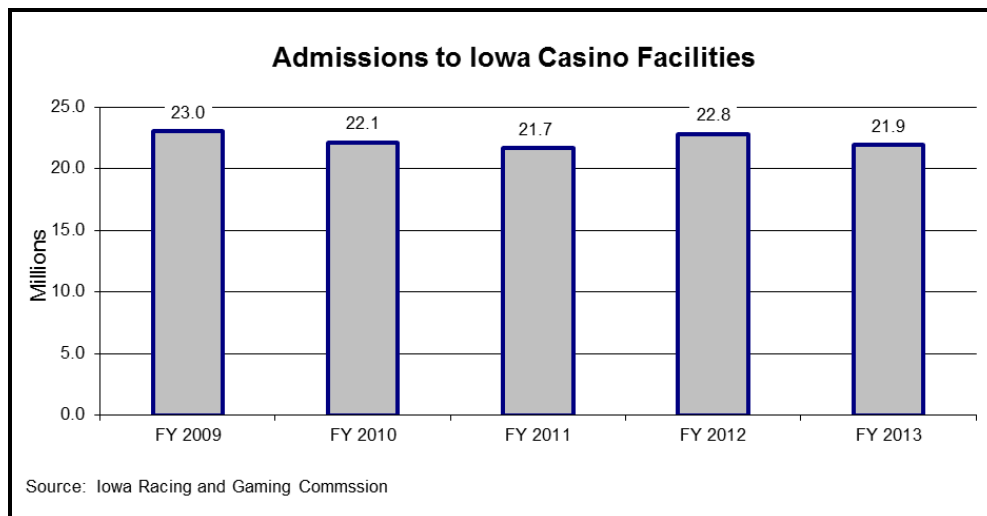
FY 2013 State Gaming Revenues

Admissions to Casinos

Admissions to the gaming facilities for FY 2013 decreased 975,000 (4.3%) compared to FY 2012. Admissions totaled 21.9 million in FY 2013 compared to 22.8 million in FY 2012. Two of the 18 gaming facilities experienced an increase in admissions during FY 2013. Prairie Meadows Casino in Altoona had an increase of 262,000 (9.7%) admissions in FY 2013 and Catfish Bend in Burlington had an increase of 75,000 (10.8%). All other establishments experienced a combined reduction in admissions totaling 1.3 million (6.7%).

	FY 2012	FY 2013	FY 2013 vs FY 2012	Percent Change
Prairie Meadows - Altoona	2,702,383	2,964,416	262,033	9.7%
Catfish Bend Casino - Burlington	689,172	763,846	74,674	10.8%
Wild Rose Casino - Emmetsburg	535,294	532,977	-2,317	-0.4%
Isle of Capri - Marquette	355,885	330,691	-25,194	-7.1%
Harrah's - Council Bluffs	1,056,948	1,021,498	-35,450	-3.4%
Wild Rose Casino - Clinton	695,902	650,333	-45,569	-6.5%
Terrible's Lakeside Casino - Osceola	712,298	662,612	-49,686	-7.0%
Diamond Jo - Dubuque	1,150,654	1,093,815	-56,839	-4.9%
Isle of Capri - Bettendorf	1,101,393	1,041,086	-60,307	-5.5%
Isle of Capri - Waterloo	1,476,275	1,412,015	-64,260	-4.4%
Mystique Casino - Dubuque	1,099,522	1,027,992	-71,530	-6.5%
Ameristar Casino - Council Bluffs	2,154,699	2,061,160	-93,539	-4.3%
Riverside Casino - Riverside	1,989,912	1,895,752	-94,160	-4.7%
Argosy - Sioux City	913,334	815,787	-97,547	-10.7%
Rhythm City Casino - Davenport	967,509	850,501	-117,008	-12.1%
Diamond Jo Worth - Northwood	1,457,100	1,313,786	-143,314	-9.8%
Grand Falls Casino	1,433,750	1,269,489	-164,261	-11.5%
Bluffs Run Greyhound Park - Council Bluffs	2,336,368	2,145,985	-190,383	-8.1%
TOTAL	22,828,398	21,853,741	-974,657	-4.3%

The chart below shows total casino admissions over the last five years. Admissions to Iowa's casinos in FY 2013 were 1.8% (437,000) below the five-year average of 22.3 million. It should be noted that during FY 2009-FY 2011 there were 17 casinos in full operation. The eighteenth casino (Grand Falls Casino) became operational in June 2011 and FY 2012 was the first year it was fully operational.



FY 2013 State Gaming Revenues

Adjusted Gross Revenue

Adjusted gross revenues consist of the total amount wagered less the winnings paid and represent the amount subject to wagering tax. Overall, adjusted gross revenues decreased by \$21.8 million (1.5%) in FY 2013 compared to FY 2012. Of the 18 gaming facilities, five had increases in adjusted gross revenues in FY 2013 compared to the previous year. The Isle of Capri in Waterloo posted the largest increase of \$2.5 million (3.0%). Of the 13 facilities that experienced adjusted gross revenue decreases, the Argosy Casino in Sioux City experienced the largest reduction of \$4.9 million (8.1%).

Adjusted Gross Revenues				
(Dollars in Millions)				
	FY 2012	FY 2013	Dollar Change	Percent Change
Isle of Capri - Waterloo	\$ 83.6	\$ 86.0	\$ 2.5	3.0%
Grand Falls Casino (Lyon County)	57.4	58.2	0.8	1.4%
Terrible's Lakeside Casino - Osceola	50.1	50.5	0.4	0.8%
Wild Rose Casino - Emmetsburg	31.9	32.2	0.3	0.9%
Prairie Meadows - Altoona	194.7	195.0	0.3	0.1%
Isle of Capri - Marquette	29.9	29.8	-0.1	-0.2%
Catfish Bend Casino - Burlington	39.4	38.8	-0.6	-1.5%
Harrah's - Council Bluffs	68.2	67.4	-0.8	-1.2%
Isle of Capri - Bettendorf	75.7	74.5	-1.2	-1.6%
Mystique Casino - Dubuque	58.9	57.6	-1.3	-2.2%
Diamond Jo Worth - Northwood	90.6	89.0	-1.6	-1.7%
Wild Rose Casino - Clinton	39.2	37.6	-1.6	-4.1%
Riverside Casino	90.3	88.7	-1.7	-1.9%
Rhythm City Casino - Davenport	50.5	48.3	-2.2	-4.4%
Ameristar Casino - Council Bluffs	170.3	167.8	-2.5	-1.5%
Diamond Jo - Dubuque	70.1	66.5	-3.5	-5.0%
Bluffs Run Greyhound Park - Council Bluffs	204.2	200.3	-3.9	-1.9%
Argosy - Sioux City	61.0	56.1	-4.9	-8.1%
TOTAL	\$1,466.0	\$1,444.2	\$ -21.8	-1.5%

Source: Iowa Racing and Gaming Commission

The chart below shows total adjusted gross revenues from Iowa casinos over the last five years. Although the adjusted gross revenues for FY 2013 decreased compared to FY 2012, they exceeded the five-year average of \$1,413.2 million by \$30.9 million (2.2%).

